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Serban Sound & Communications

May 18, 2001

Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

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FCC MAIL ROOM

Re: **COMMENT** CC Docket No. 96-45, FCC 01-143

Ms. Roman Salas:

Serban's Background Music, Inc., DBA Serban Sound Systems (SPIN 143006189) has been supplying internal connection systems and consulting services on Erate projects since Erate's inception. Serban has been actively involved in the Service Providers Bi-Monthly Teleconference Call hosted originally by Matt Harcourt and most recently by Ellen Wolfhagen. Serban has also attended several of the Schools and Libraries (SLD) training events and serves on the California State Department of Education's Volunteer Erate Trainer's Committee (V.E.T.).

As a Consultant, Serban has assisted our school clients: advising them of rule changes within Erate, assisting them with the filing of Erate forms, writing bid specifications, and establishing technology plans and budgets. For those schools that Serban does Erate consulting, we rarely do any contract work. As a Service Provider, Serban is a Systems Integrator supplying Voice, Video, and Data systems to several school districts in Central California. Being both a Consultant and a Service Provider since Erate's beginning has given us a unique perspective of both the school's and service provider's concerns and problems.

Item 1

Serban is very much in **support** of the Commission's plan to extend the service date from June 30th of each year to September 30th. We feel this benefits schools because, as much as the SLD attempts to get Funding Commitment Letters out before June 30th of each funding year, almost invariably there are delays and/or "special circumstances" that push that notification to the schools to after June 30th of each year.

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Many of our school clients attempt to do most of their infrastructure work during the summer months to minimize the impact on their students. Giving us fifteen months to finish these internal connections would be a great help.

Item 2

Serban is **opposed** to the Federal Communications Commission's proposal to revise the method for allocating discounts to schools and libraries under the federal universal service mechanism when there is insufficient funding to support all requests for internal connections. We are opposed for the following reasons:

1. Why is it that **all** schools and libraries receive Erate funding for their Telecommunications and ISP services, no matter what their discount rate is, but the FCC uses a different criteria for internal connections? It appears to Serban that, if the FCC's position is that the "most needy" school has priority status, then that priority status should remain the same for all three "buckets"; Telecommunications, ISP, and Internal Connections. If the intent is to get these funds into the hands of the "most needy" schools and libraries, why will an affluent and/or "rich" school district get priority access to the 2.25 billion dollars by asking for Telecommunications and/or ISP funding? One possible more equitable solution would be to prioritize the entire 2.25 billion dollars to the highest priority schools, not just the "internal connections" portion.
2. If the new policy is to place an even higher priority on those schools that have the highest discount rate, then why is the FCC considering funding an 89% school who did not request services last year over a 90% school who received some funding last year?
3. It is unfair to change the rules after applications have been turned in. Had our consulting division known during the Year #4 filing period that only those schools who did not receive Year #3 funding would be given consideration, we would have recommended to our school customers that they not spend the thousands of dollars and expend man-hours to design, bid, and apply for this internal connections work. Had the FCC had made this decision before, or at a minimum during the filing period, these schools and libraries could have avoided these costs.
4. Furthermore, as a service provider, we would have not taken the time and effort of bidding those schools that bid Year #4 internal connections projects that had received Year #3 funding. It costs our company hundreds, if not thousands, of dollars to bid each and every Erate project. Every day we are forced to prioritize and decide which projects we want to bid. That process becomes even more hectic during the Erate bidding season. Serban spent approximately \$15,000 - \$20,000, which will be totally lost if those schools that applied for Year #4 funds are eliminated who also had Year #3 internal connections projects. As a service provider we already take a gamble each time we competitively bid an Erate project. We win some but lose more than we win simply because it is a competitive bid. \$15,000 - \$20,000 is a cost that we would have not had to spend had we known of this new rule prior to bidding these projects. We would have only bid those schools that did not receive Year #3 funding. You just can't change the rules after the game starts; you do it before the game starts.
5. What strategy will schools use next year for filing their Form 470's and Form 471's? Are they to file each school in the district separately so they are assured the highest priority on their funding for their 90% schools and possibly a slight chance on their 80% schools, or do they apply as a district as an 87% application hoping to get the

entire district covered giving some of their schools preference over those schools districts who filed each of their schools separately? For the first couple of years we had recommended to our school clients that they file each school separately until the Year #3 filing period came along and, at the urging of SLD staff, we started recommending to our clients that they combine all of their schools on one application to reduce the amount of paperwork SLD had to process. Changing the process in such a manner will cause both schools and service providers to lose confidence in the program. Why should a school invest the time and money to pursue Erate funding when there is a strong possibility that the rules will be changed again? Same with service providers.

6. It is a flawed assumption that since a 90% school received funding in Year #3 that they are less deserving than a 90% school that did not receive Year #3 funding based upon these reasons:
 - a. FCC rules are very specific that schools and libraries are only to request services they can pay for each year. Therefore almost every school we have worked with "phase" their construction asking for only that portion of their internal connections that they need the most each year and prioritize additional components or parts of the network each year that they feel they can fit into their budget. Most of the schools we have worked with have a three or four-year plan to finish their internal connections projects. If the FCC was to look at a typical school Technology Plan you will notice that schools build their networks in steps, not all at once. Even if Erate is helping, almost no schools have the financial freedom to complete their internal connections projects in just one year.
 - b. Some of the network operating systems suppliers such as Novell require yearly licensing fees.
 - c. Many of the schools we work with add portable classrooms almost every year, if not every year. Because of the way the State of California funds school buildings, most of these portables are intended to be a permanent addition to the campus. At those portables that are destined to be a permanent part of the campus, we are required to install a permanent cabling solution. Additional network electronics (switches) are generally needed as well. There is no provision in the new rule making to provide service to these new parts of the 90% campus. If the intent of the new rules was to only pay for internal connections to those 90% schools who did not receive internal connections last year, would not the students who happen to be in one of these portables that received funding last year still be in the highest priority funding? To our knowledge, there is no way USAC staff has the ability to identify this problem by going back and looking at the Year #3 applications.

We recommend, if the FCC determines that they must impose rules that a school cannot receive internal connections over two simultaneous years that they limit that restriction to:

1. Schools and libraries cannot replace a server they purchased last year with a new server this year or an upgrade to that same computer unless it is to accommodate new portables or parts of the campus not already previously wired.
2. Schools and libraries cannot replace or upgrade network electronics, PBX, or video systems they purchased last year with newer or faster equipment this year unless it is to accommodate new portables or parts of the campus not already previously wired.

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3. Schools and libraries cannot replace wiring that they installed last year with new wiring this year but could add new wiring to those portions of the campus that have not previously been wired.

This entire problem would go away if the FCC would fund this program at a level that is actually required to accommodate the need. This new rule making has only come about because thousands of schools all across the country need internal connections work, no matter what their discount rate is.

Parity is a huge issue within a school district. How is a school superintendent supposed to tell the pupils, staff, and parents at their 90% school that their school is more deserving than the his/her pupils, staff, and parents of his /her 80% school down the street? How is that same school superintendent supposed to tell the pupils, staff, and parents of his/her 40% school that their need for technology at their school somehow is less because they are not a 90% school?

Realizing that this whole situation only exists because there is not enough money to do what is needed, we understand the FCC is struggling with the most efficient way to use the money that they have. We understand there needs to be priorities because of the lack of adequate funds. Because of our reasons listed above, Serban recommends that the rules used in Years 1-4 not be changed. We recommend the FCC institute either the proposed rules, or either some of the changed rules we have recommended or those that others have recommended starting in Year #5, not Year #4.

Thank you for your consideration.

Sincerely,



Fred Brakeman RCDD
Vice President
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